

**ARIZONA BOARD OF APPRAISAL**  
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**MINUTES  
REGULAR BOARD MEETING  
THURSDAY, NOVEMBER 20, 2008, 9:00 AM.**

Board Members Present at Roll Call: Les Abrams; Gabe Corral; Victor Hartsfield; Myra Jefferson; Michael Marquess; Debbie Rudd. A quorum was present. Board Members Present after Roll Call: Cynthia Henry. Board Members Absent: None. Vacant Board Member Positions: Certified General Appraiser; Public.

Also Present at Roll Call: Debb Pearson, Executive Director; Jeanne Galvin, Assistant Attorney General.

Les Abrams acted as Chairperson.

Les Abrams spoke concerning the passing of Rod Bolden, former Board member, and praised the wonderful contribution Rod had made to the Board and to the State of Arizona.

The Board pledged allegiance to the flag of the United States of America.

Debbie Rudd moved that the Minutes of the September 18, 2008, Regular Board Meeting be approved. Michael Marquess seconded the motion. The Board voted unanimously in favor of the motion. Michael Marquess moved that the Minutes of the October 16, 2008, Regular Board Meeting be approved. Myra Jefferson seconded the motion. The Board voted unanimously in favor of the motion. Myra Jefferson moved that the Minutes of the November 13, 2008, Regular Board Meeting be approved. Debbie Rudd seconded the motion. The Board voted unanimously in favor of the motion.

**COMPLAINT REVIEW**

Review and Action Concerning 2753, Charles J. Havranek.

Respondent appeared. Staff summary was read. Debbie Rudd moved that the matter be referred to investigation. Michael Marquess seconded the motion. The Board voted 5-1 in favor of the motion. Gabe Corral voted no.

Review and Action Concerning 2541, John T. Martell.

Respondent appeared. Michael Marquess moved that, at the request of Respondent, the Board invite Respondent to an informal hearing. Myra Jefferson seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action Concerning 2739, Mark J. Smith.

Respondent appeared. Staff summary was read. Debbie Rudd moved that the Board find no violations and dismiss the complaint. Gabe Corral seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action Concerning 2675, S. Deborah Talleri.

Respondent appeared and was represented by William Foreman, Esq. Gabe Corral moved that the Board reject Respondent's counteroffer. Michael Marquess seconded the motion. The Board voted unanimously in favor of the

motion. Debbie Rudd moved that Respondent be granted time to offer a proposed Consent Agreement and Order of Discipline. Victor Hartsfield seconded the motion. The Board voted 5-1 in favor of the motion. Michael Marquess voted no.

Cynthia Henry joined the meeting.

Debbie Rudd moved that the Minutes of the September 26, 2008, Board Outreach Meeting be approved. Michael Marquess seconded the motion. The Board voted unanimously in favor of the motion.

### **COMPLAINT REVIEW**

#### Review and Action Concerning 2477, Robert L. VanDyke.

Respondent appeared. Upon its 12-month file review, the Board instructed staff to proceed with the formal hearing before the Office of Administrative Hearings (OAH).

#### Review and Action Concerning 2555, Kandace L. Levi.

Respondent did not appear. Debbie Rudd moved that the Board approve James W. Brown, Certified Residential Appraiser # 20136, as Respondent's mentor. Myra Jefferson seconded the motion. The Board voted unanimously in favor of the motion.

#### Review and Action Concerning 2421, Michelle T. Caraballo.

Respondent did not appear. Michael Marquess moved that the Board approve Ann L. Susko, Certified Residential Appraiser # 20101, as Respondent's mentor. Victor Hartsfield seconded the motion. The Board voted unanimously in favor of the motion.

#### Review and Action Concerning 2385/2386/2387/2388/2389/2390/2391, William H. Moffett.

Respondent did not appear. Debbie Rudd moved that the Board approve Thomas C. Laws, Certified Residential Appraiser # 20136, as Respondent's mentor. Myra Jefferson seconded the motion. The Board voted unanimously in favor of the motion.

#### Review and Action Concerning 2537, David M. Hossfeld.

Respondent did not appear. Michael Marquess moved that the Board grant Respondent a 60-day extension to complete his probationary requirements. Gabe Corral seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action Concerning 2639, Richard E. Lineberger.

Respondent did not appear. Debbie Rudd moved that the Board open complaint 2765 alleging violations of Board statutes. Michael Marquess seconded the motion. The Board voted unanimously in favor of the motion. Gabe Corral moved that 2639 be tabled to be rescheduled with the reply to complaint 2765. Myra Jefferson seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action Concerning 2642, Gayle A. Tiffany-Loftus.

Respondent did not appear. Debbie Rudd moved that the matter be tabled and returned to the Board only in the event Respondent does not sign the proposed nondisciplinary letter of remedial action. Myra Jefferson seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action Concerning 2667, Chad R. Talbert.

Respondent did not appear. Debbie Rudd moved that the Board invite Respondent to an informal hearing. Cynthia Henry seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action Concerning 2710, Diane E. Waring.

Respondent did not appear. Debbie Rudd moved that the Board invite Respondent to an informal hearing. Gabe Corral seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action Concerning 2726, Jonathan F. Williams.

Respondent did not appear. Debbie Rudd moved that the Board accept the voluntary surrender of Respondent's License #11963. Gabe Corral seconded the motion. The Board voted unanimously in favor of the motion.

Informal Hearing Concerning 2545/2546/2547/2548, Thomas M. Kittelmann.

Respondent and Ann L. Susko, Respondent's mentor, appeared, were sworn in, made statements to the Board and answered the Board's questions. Debbie Rudd moved that the matters be referred to formal hearing before the Office of Administrative Hearings (OAH). Gabe Corral seconded the motion. The Board voted 6-0 in favor of the motion. Michael Marquess abstained.

Informal Hearing Concerning 2576, Clare A. Williamson-Redding.

Respondent appeared, was sworn in, made statements to the Board and answered the Board's questions. Corey I. Richter, Esq., represented the Respondent. Debbie Rudd moved that the Board go into Executive Session for legal advice. Myra Jefferson seconded the motion. The Board voted unanimously in favor of the motion. Upon return from Executive Session, Debbie Rudd moved that the Board open complaint 2764 against Raymond L. Ferrier alleging USPAP violations. Cynthia Henry seconded the motion. The Board voted unanimously in favor of the motion. Debbie Rudd moved that the Board find Level II violations and issue Respondent a nondisciplinary letter of remedial action citing

violations and providing for remedial education. Michael Marquess seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action Concerning 2444, Dawna (Rogers) Khoudepaz.

Respondent appeared. Upon its 12-month file review, Debbie Rudd moved that Respondent be given until mid-December to present a counteroffer to the Board; and that the matter proceed to formal hearing unless settled. Cynthia Henry seconded the motion. The Board 6-1 in favor of the motion. Gabe Corral voted no.

Review and Action Concerning 2745, Todd P. Barnhart.

Respondent appeared. Staff summary was read. Debbie Rudd moved that the matter be referred to investigation. Gabe Corral seconded the motion. The Board voted unanimously in favor of the motion.

Informal Hearing Concerning 2587, Alan Weiner.

Respondent appeared, was sworn in, made statements to the Board and answered the Board's questions. Michael Marquess moved that staff subpoena additional information. The motion failed for the lack of a second. Debbie Rudd moved that the find Level II violations and issue Respondent a nondisciplinary letter of remedial action citing violations and providing for remedial education. Michael Marquess seconded the motion. The Board voted unanimously in favor of the motion.

Informal Hearing Concerning 2530, Carol J. Lucero.

Respondent did not appear. The Board waited two hours. Debbie Rudd moved that the Board find Level III violations and offer Respondent a Consent Agreement and Order citing the violations and providing for probation and education. Gabe Corral seconded the motion. The Board voted unanimously in favor of the motion.

Informal Hearing Concerning 2578, Robyn K. Hardy.

Respondent did not appear. The Board waited one hour. Debbie Rudd moved that the matter be referred to formal hearing before the Office of Administrative Hearings (OAH). Gabe Corral seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action Concerning Superior Court Case CV-06-4140 (03F-1782-BOA/03F-1784-BOA)/2492, Felicia M. Coplan.

Respondent did not appear. Michael Marquess moved that the Board go into Executive Session for legal advice and to consider Respondent's settlement offer concerning CV-06-4140 (03F-1782-BOA/03F-1784-BOA). Debbie Rudd seconded the motion. The Board voted unanimously in favor of the motion. Upon return from Executive Session, Michael Marquess moved that the Board reject Respondent's settlement offer. Debbie Rudd seconded the motion. The Board voted unanimously in favor of the motion. The Board took no action concerning 2492.

Christopher Munns, Assistant Attorney General, Solicitor General's Office, joined the meeting.

Review and Action Regarding Issues Dealing With Formal Hearing Concerning 2240, Anna M. Diaz.

Respondent appeared. Jeanne Galvin, Assistant Attorney General, represented the State. Christopher Munns, Assistant Attorney General, Solicitor General's Office, advised the Board. Debbie Rudd moved that the Board grant Respondent a 30-day extension to complete her disciplinary education. Myra Jefferson seconded the motion. The Board voted unanimously in favor of the motion. Debbie Rudd moved that the Board rescind its referral to the Office of Administrative Hearings upon proof of completion of the required education. Myra Jefferson seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action Regarding Issues Dealing With Formal Hearing Concerning 2311/2312/2313/2314/2315, Shahab A. Mehkri.

Respondent appeared. Jeanne Galvin, Assistant Attorney General, represented the State. Christopher Munns, Assistant Attorney General, Solicitor General's Office, advised the Board. Debbie Rudd moved that the Board reject Respondent's counteroffer. Michael Marquess seconded the motion. The Board voted unanimously in favor of the motion. Upon its 12-month file review, the Board instructed staff to proceed with the formal hearing before the Office of Administrative Hearings (OAH).

Review and Action Regarding Issues Dealing With Formal Hearing Concerning 2418, Lance R. Freeman.

Respondent appeared and was represented by Michael T. Denious, Esq. Jeanne Galvin, Assistant Attorney General, represented the State. Christopher Munns, Assistant Attorney General, Solicitor General's Office, advised the Board. Michael Marquess moved that the Board accept Respondent's counteroffer as negotiated and (upon its 12-month file review) upon receipt of the signed Consent Agreement and Order, the Board rescind its referral to formal hearing before the Office of Administrative Hearings (OAH). Myra Jefferson seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action Regarding Issues Dealing With Formal Hearing Concerning 2426, Ray F. Griego.

Respondent did not appear. Jeanne Galvin, Assistant Attorney General, represented the State. Christopher Munns, Assistant Attorney General, Solicitor General's Office, advised the Board. Debbie Rudd moved that the Board offer Respondent the option to voluntarily surrender his certificate. Myra Jefferson seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action Regarding Issues Dealing With Formal Hearing Concerning 2470, Paul F. DeVries.

Respondent did not appear. Jeanne Galvin, Assistant Attorney General, represented the State. Christopher Munns, Assistant Attorney General, Solicitor General's Office, advised the Board. Debbie Rudd moved that the Board accept the late signed Consent Agreement and Order providing for probation, mentorship and education; approve the notice vacating the formal hearing before the Office of Administrative Hearings; and approve Michael P. Thompson, Certified Residential Appraiser #21912, as Respondent's mentor. Gabe Corral seconded the motion. The Board voted unanimously in favor of the motion. The Board noted that the complaint was under 12-month file review.

Review and Action Regarding Issues Dealing With Formal Hearing Concerning 2486, Kisten L. Stormo.

Respondent did not appear, but was represented by Loren I. Thorson, Esq. Jeanne Galvin, Assistant Attorney General, represented the State. Christopher Munns, Assistant Attorney General, Solicitor General's Office, advised the Board. Debbie Rudd moved that the Board accept the voluntary surrender of Respondent's License #11690 and that the Board rescind its referral to formal hearing before the Office of Administrative Hearings. Michael Marquess seconded the motion. The Board voted 6-1 in favor of the motion. Cynthia Henry voted no. Debbie Rudd moved that the Board reconsider it prior finding. Gabe Corral seconded the motion. The Board voted 5-2 in favor of the motion. Michael Marquess and Cynthia Henry voted no. Michael Marquess moved that the Board accept the voluntary surrender of Respondent's License #11690. Victor Hartsfield seconded the motion. The motion failed 3-4 upon the following roll call vote: Les Abrams—yes; Gabe Corral—no; Victor Hartsfield—yes; Cynthia Henry—no; Myra Jefferson—no; Michael Marquess—yes; Debbie Rudd—no. Debbie Rudd moved that the Board offer Respondent a Consent Agreement and Order of Surrender; and if not signed, that the matter proceed to formal hearing before the Office of Administrative Hearings (OAH). The Board voted 4-3 upon the following roll call vote: Les Abrams—no; Gabe Corral—yes; Victor Hartsfield—no; Cynthia Henry—yes; Myra Jefferson—yes; Michael Marquess—no; Debbie Rudd—yes. Debbie Rudd moved that the Board stay the original Consent Agreement and Order. Gabe Corral seconded the motion. The Board voted 6-0 in favor of the motion. Michael Marquess abstained.

Review and Action Regarding Issues Dealing With Formal Hearing Concerning 2497, Michael D. Schendel.

Respondent did not appear. Jeanne Galvin, Assistant Attorney General, represented the State. Christopher Munns, Assistant Attorney General, Solicitor General's Office, advised the Board. Michael Marquess moved that Jay B. Clark, Certified Residential Appraisal #20154, be approved as Respondent's mentor; and to proceed to formal hearing before the Office of Administrative Hearings (OAH) for noncompliance with the education requirements. Debbie Rudd seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action Regarding Issues Dealing With Formal Hearing Concerning 2613/2629, Marc J. Seigleman.

Respondent appeared telephonically. Jeanne Galvin, Assistant Attorney General, represented the State. Christopher Munns, Assistant Attorney General, Solicitor General's Office, advised the Board. Upon Respondent withdrawing his

offer to surrender, staff was instructed to proceed with the formal hearing before the Office of Administrative Hearings (OAH).

Review and Action Regarding Issues Dealing With Formal Hearing Concerning 2711, Thomas A. Rail.

Respondent did not appear. Jeanne Galvin, Assistant Attorney General, represented the State. Christopher Munns, Assistant Attorney General, Solicitor General's Office, advised the Board. Debbie Rudd moved that the matter be referred to investigation. Michael Marquess seconded the motion. The Board voted unanimously in favor of the motion. Debbie Rudd moved that the Board rescind its referral to formal hearing before the Office of Administrative Hearings (OAH). Michael Marquess seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action Regarding Issues Dealing With Formal Hearing Concerning 2503, Randall P. Jacobs.

Respondent did not appear. Jeanne Galvin, Assistant Attorney General, represented the State. Christopher Munns, Assistant Attorney General, Solicitor General's Office, advised the Board. Debbie Rudd moved that the Board rescind its referral to formal hearing before the Office of Administrative Hearings (OAH) and hold a formal hearing before the Board in February. Michael Marquess seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action Regarding Issues Dealing With Formal Hearing Concerning 2452/2457 (08F-2452-BOA/08F-2457-BOA), Dana A. Miller.

Respondent appeared earlier but could not appear at the scheduled time. Jeanne Galvin, Assistant Attorney General, represented the State. Christopher Munns, Assistant Attorney General, Solicitor General's Office, advised the Board. The Board, having reviewed the record, heard oral argument on behalf of the State. Debbie Rudd moved that the Board accept Findings of Fact 1-94 of the Administrative Law Judge with modifications requested by the State to correct typographical errors and to be consistent with the record, to read as follows:

**FINDINGS OF FACT**  
**BACKGROUND AND PROCEDURE**

1. The Arizona State Board of Appraisal ("the Board") issued Certified Residential Appraiser Certificate No. 20414 to Respondent Dana A. Miller in 1991. Certificate No. 20414 is due to expire on August 31, 2010.<sup>1</sup>
2. Ms. Miller prepared an appraisal review of an appraisal report originally prepared by Jaime Topete of a residential property located at 3801 E. Lincoln Drive in Paradise Valley ("the Lincoln property"), which review had an effective date of December 19, 2006.
3. Ms. Miller prepared an appraisal report of a property located at 44028 N. Spur Cross Rd. in Cave Creek ("the Spur Cross property"), which report had an effective date of May 7, 2007.

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<sup>1</sup>A state-certified residential real estate appraiser can appraise and review residential real properties having one to four units without regard to value or complexity. A.R.S. § 32-3612(A)(2). In contrast, a licensed real estate appraiser can appraise and review noncomplex one to four residential units having a value of less than \$1 million and complex one to four residential units have a value of less than \$250,000. A.R.S. § 3612(A)(3). A state-certified general appraiser can appraise and review all types of real property. A.R.S. § 32-3612(A)(1).

4. On July 26, 2007, the Board received a complaint from Roger E. Beagle, Sr. regarding Ms. Miller's appraisal review of the Lincoln property.

5. Mr. Beagle is a certified appraiser who on occasion works for the Board as a contract investigator. He is one of Ms. Miller's competitors. Mr. Beagle alleged that Ms. Miller had violated the Uniform Standards of Professional Appraisal Practice ("USPAP") by "ignor[ing] facts in the report that were misleading to the client," including the Lincoln property's MLS listing history, which had resulted in an overstated estimated value of the property.

6. On July 30, 2007, the Board received an anonymous complaint that Ms. Miller's appraisal report for the Spur Cross property had ignored MLS listing history for the subject, included inappropriate comparables, and incorrectly used the cost approach.

7. The Board opened investigations into both complaints and designated the complaint concerning the Lincoln property as Case No. 2452 and designated the Spur Cross property as Case No. 2457. The Board assigned both complaints to contract investigator Linda S. Beatty, who has been a certified general appraiser since 1991. On December 18, 2007, Ms. Beatty submitted investigative reports in both cases.

8. On August 5, 2008, the Board issued a Complaint and Notice of Public Hearing, summarizing Ms. Beatty's findings. The Complaint charged that Ms. Miller had violated A.R.S. § 32-3635 by failing to comply with USPAP (2006 Edition) Standard Rules ("SR") 3-1(c), 3-1(f), and 3-2(d) and Standards Ethics Rule—Conduct in the Lincoln property appraisal review and with violations of SR1-1(a), 1-1(b), 1-1(c), 1-4(a), 1-4(b)(ii), 1-4(b)(iii), 2-1(a), and 2-2(x), and Standards Ethics Rule—Conduct in the Spur Cross appraisal.

9. Ms. Miller filed a motion to dismiss under A.A.C. R4-46-301 because Mr. Beagle's and the anonymous complaints did not identify the specific statutes or regulations that Ms. Miller allegedly had violated. The Administrative Law Judge denied that motion to dismiss but allowed Complainant a brief continuance to allow her to attend the scheduled hearing.

10. A hearing was held on September 23, 2008. The Board presented the testimony of its Executive Director Deborah G. Pearson and Ms. Beatty and had admitted into evidence 11 exhibits. Ms. Miller testified on her own behalf and had admitted into evidence two exhibits.

#### **ADDITIONAL EVIDENCE**

##### **Case No. 2452 (the Lincoln property)**

11. The Lincoln property was located in a neighborhood where lots are large, approximately an acre, in one of the more desirable and expensive neighborhoods in the Phoenix metropolitan area. The Lincoln property was located on the corner of Lincoln, an arterial street which carries approximately 35,000 vehicles per day, and 37<sup>th</sup> Place. The residence on the property was built in 1975. It has a flat built-up roof.

12. Ms. Beatty testified that a review appraiser has been retained to verify information in an appraisal report and to provide a second opinion on value. USPAP SR 3 governs appraisal reviews.

13. Ms. Miller testified that an appraisal review requires the reviewer to accept certain assumptions and take the original appraiser's word for certain things, such as square footage, measurements, interior conditions, and room count. The reviewer does not actually inspect the property. The review appraiser gets the same fee regardless of whether she agrees or disagrees with the original appraisal report.



14. Ms. Miller testified that most of her clients are appraisal management companies. The assignment to review Mr. Topete's appraisal of the Lincoln property came from I-Mortgage Services.

15. Ms. Miller testified that I-Mortgage had a full-time review staff in March 2007, which completed the review of the Lincoln property appraisal. She had not meant to be misleading. Although the property was worth more than \$1 million, it was not complex.

16. Ms. Beatty testified that lenders usually reviewed appraisal reports for compliance with underwriting guidelines, not with USPAP.

Exposure Time on the Market for the Subject and Comparables

17. Mr. Topete's appraisal report stated that the marketing times for the neighborhood were under 90 days and that the property values appeared to be increasing.<sup>2</sup> Ms. Miller's review appraisal agreed with this assessment.<sup>3</sup> Neither the appraisal report nor Ms. Miller's review appraisal estimated exposure time.

18. Ms. Beatty testified that appraisers typically base marketing time on the time comparable sales and subject property had been on the market. The subject property had been on the market for more than nine months.<sup>4</sup> The comparable sales cited in the appraisal report had been on the market between 142 and 293 days.

19. Ms. Beatty testified that extended marketing time typically indicates an over-supply of properties on the market. A motivated seller usually will reduce his asking price if his property remains unsold for an extended period.

20. In the appraisal and review appraisal of the Lincoln property, Mr. Topete and Ms. Miller had stated that the subject property was under contract at the time of the appraisal for \$1,750,000, after being listed for nine months at \$1,375,000 and having been reduced to \$1,200,000, and that the earlier listing had been canceled. Mr. Topete had merely stated in the appraisal report that "Purchase contract appears typical for market." Neither he nor Ms. Miller had discussed the discrepancy between the purchase price and the canceled list price.

21. Ms. Beatty testified that it was unreasonable to think that a property will sell for \$600,000 more than the seller had been asking. Although she had seen sales for more than the asking price in the hot market of 2004-2005, generally the sales had occurred the first day that the property had been placed on the market. In this case, the sale price that was \$600,000 more than the price at which the property had been listed for 9 months, without a sale, was a "red flag" for possible mortgage fraud.

22. Ms. Beatty testified USPAP required appraisers to include exposure time on their reports and reviews. Exposure time is a retrospective estimate of the length of time the property being appraised would have been on the market prior to the effective date of the appraisal.<sup>5</sup> In contrast, "marketing time" is a prospective estimate of how long the property will take to sell. USPAP does not require appraisers to estimate marketing time.

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<sup>2</sup>Ex. 3 at 116.

<sup>3</sup>Ex. 3 at 140, #3.

<sup>4</sup>Ex. 3 at 180.

<sup>5</sup>Transcript page 73, line 16. The Board makes this modification to be consistent with the testimony at the hearing.

23. Ms. Miller testified that her estimation of marketing time in the neighborhood of less than 3 months was accurate. She prepared the appraisal report at the time when "the housing market was really hopping." Although bigger, more expensive homes may require slightly more time to market, it had been reasonable to say that marketing time was less than 3 months on her review appraisal report.

24. Mr. Miller could not point to anything in her work file that supported her characterization of the market as "really hopping" at the time the Lincoln property had been appraised. She testified that she had thrown out some documents and had replacements. She also admitted, however, that she was required to retain her original work file.

25. Ms. Beatty opined that, by failing to explain the difference between the contract and listing prices, Ms. Miller had violated USPAP SR 3-1(f).<sup>6</sup>

Quality of Construction

26. The appraisal report described the improvements on the subject property as "good quality construction, good condition and highly upgraded."<sup>7</sup> In the cost approach, the report cited the Marshal & Swift Residential Estimator 7 and rated the improvements as "xclnt."<sup>8</sup> Ms. Beatty testified that a review appraiser was required to verify this information.

27. Ms. Beatty testified that the subject has a flat, built-up roof; if it had undergone significant interior renovations, she would have expected the façade to have been updated. Ms. Beatty testified that, based on her inspection of the exterior of the property and information from the prior and current listing agents, the subject was mostly original and in need of significant updating. The current listing agent reported an estimated cost of several hundred thousand dollars to update the property to current Paradise Valley standards.

28. Ms. Miller testified that, from the street, the Lincoln property was a stucco house with a built-up roof and a 3-car garage. Although the exterior was not updated, it was maintained.

29. Ms. Beatty testified that, if the subject had not been upgraded, the appraiser's use of comparables, some of which had been upgraded, would overstate the subject's value. She opined that, in failing to perform or document a data search for accuracy of the data in the appraisal report, Ms. Miller violated USPAP SR 3-1(c)<sup>9</sup> and the Conduct provision of the Ethics Rule.<sup>10</sup>

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<sup>6</sup>SR 3-1(f) requires a reviewer to "develop an opinion as to the appropriateness of the appraisal methods and techniques used, given the reviewer's scope of work, and develop the reasons for any disagreements." All references to USPAP are taken from Ms. Beatty's investigative reports, Ex. 9 and 10.

<sup>7</sup>Ex. 3 at 116.

<sup>8</sup>Ex. 3 at 118.

<sup>9</sup>SR 3-1(c) requires a reviewer to "determine the scope of work necessary to produce credible assignment results in accordance with the SCOPE OF WORK RULE."

<sup>10</sup>The Conduct provision of the Ethics Rule provides:

An appraiser must not communicate assignment results in a misleading or fraudulent manner. An appraiser must not use or communicate a misleading or fraudulent report or knowingly permit an employee or other person to communicate a misleading report.

Location on Lincoln Drive

30. Ms. Miller's review noted that the appraisal report had made no adjustment for the subject being located on a busy street. She also noted that no adjustment had been made for having a view of city lights.<sup>11</sup>

31. Ms. Beatty testified that Ms. Miller's notation was inadequate. Typically, a review appraiser should follow up on the effect of the noted condition, especially if it could lessen the subject's value. For example, the reviewer should have noted that she had spoken to listing agents or verified the effect of traffic. Similarly, if the view warranted an upward adjustment, she should have noted further inquiry. Ms. Beatty testified that Ms. Miller's failure to consider the effect of traffic on the subject property's value violated USPAP SR 3-1(f).

32. Ms. Miller testified that the Lincoln property's side was against Lincoln Drive. Its driveway was off 37<sup>th</sup> Place. There is a fairly low speed limit along this section of Lincoln Drive, 35 mph, which is strictly enforced. Although she should have mentioned this in her review appraisal, it did not affect value. Lenders request that factors that do not require more than 5% adjustment in value not be mentioned. In higher end homes, customers do not mind traffic so much because of the "show off factor."

33. Ms. Beatty opined that, in failing to consider the subject's location on an arterial street in the Sales Comparison Approach, Ms. Miller violated USPAP SR 3-1(f).

Inconsistencies Between and Deficiencies in Cost and Comparable Sales Approaches

34. The appraisal report estimated that the site value of the subject was \$1,250,000. Based on the size of the site, the value in the cost approach was \$29/square foot.<sup>12</sup> In the comparable sales approach, one of the comparable sales was situated on a significantly larger site, but the appraisal report had adjusted the price only \$1/square foot.<sup>13</sup>

35. Ms. Beatty testified that different approaches should be at least somewhat consistent. If one of the comparable sales were significantly larger, an adjustment of \$1/square foot was unsupported. One would expect the adjustment based on the site value of the comparable sale to be at least 50-70% of the subject's in the cost approach. Ms. Miller had not addressed the disparity in her review. Her failure was a violation of SR 3-1.

36. With respect to Mr. Topete's analysis on the cost approach, Ms. Miller testified that the homes in the neighborhood were on large acre lots. Many of the homeowners did not use their whole lot; for example, the subject had a block wall on its acreage. A discrepancy of 4-5,000 square feet was not all that important; buyers did not "go into a frenzy" if their lot was 3,000 or 4,000 square feet smaller than their neighbor's.

37. In the cost approach Mr. Topete's appraisal report estimates the price per square foot of improvements to be \$374-\$431. However, in the comparable sales approach, the prices of larger comparable sales are adjusted only \$40/square foot.

38. Ms. Miller testified that the comparable sales used in the appraisal of the Lincoln property were similar in construction style and appeal. A \$40/square foot adjustment was not out of line, although she conceded it might be a little low. Mr. Topete had adjusted the comparable sales based on whether they had a tile or built-up roof.

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<sup>11</sup>Ex. 3 at 140.

<sup>12</sup>Ex. 3 at 118.

<sup>13</sup>Ex. 3 at 117

39. Ms. Beatty testified that, in addition, the external obsolescence of the subject being on a busy street was not addressed in the cost approach.

40. The cost approach in the appraisal of the Lincoln property indicated an effective age of 25 years and a remaining economic life of 45 years, which indicates a total life expectancy of 70 years. Mr. Topete and Ms. Miller estimated \$167,947 for depreciation, which represents 25% depreciation. Ms. Beatty testified that, based on the 25 year effective age and the 70 year life expectancy, physical depreciation estimated on an age/life method should be 35.7%. Ms. Topete's and Ms. Miller's result was an overstatement of the depreciated cost of improvements.

41. Ms. Miller testified that, in the cost approach, it was not "set in stone" that an appraiser was required to calculate depreciation by multiplying the cost of construction by the percentage of effective age compared to economic life of the improvements. The property's location near Lincoln Drive did not affect calculation of value under the cost approach.

42. Ms. Miller admitted that the cost manual included a depreciation table, which set forth the depreciation to be calculated based on a mathematical formula. Plugging the effective age and economic life of the property into the table resulted in a rate of depreciation.

43. Ms. Beatty opined that Ms. Miller had failed to state reasons or conclusions for items that were in disagreement with the appraisal report and had overlooked several USPAP violations in the appraisal, which resulted in her concurrence with a misleading report. These actions were in violation of USPAP SR3-2(d)<sup>14</sup> and the Conduct provision of the Ethics Rule.

#### Other Circumstances

44. When the Board informed Ms. Miller of the complaint, it required her to furnish a copy of her work file on the Lincoln property. Although Mr. Topete's original appraisal was prepared in December 2006 and Ms. Miller's review was prepared in March 2007, documents on the subject and comparable sales in the file that Ms. Miller had provided to the Board indicated that they had been printed out from the MLS service on August 22 or 23, 2007, which was after the complaint had been received.

45. Ms. Miller testified that she had fully researched everything and printed out all comparable sales for the Lincoln property. But her daughter's doctor had called her while she had been out in the field and she had made notes regarding her daughter's personal medical information on one of the printouts. Ms. Miller's secretary had printed out all of the comparable sales for the Board, not just the ones with her personal notes on them.

46. Ms. Miller testified that, in the future, she would not make personal notes on printouts that she took to the field.

47. Ms. Beatty opined that the Comparable Sales data sheets from Ms. Miller's file, which were dated after the date of her review, violated USPAP SR 3-1(c).

#### **Case No. 2457 (the Spur Cross property)**

48. The Spur Cross property is a large custom-built Tudor style residence on nearly eight acres of land. The main house has three above-grade stories and a basement. The property also has a guest house. The residence is located at the end of Spur Cross Road, which is dirt for the last mile or so.

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<sup>14</sup>SR 3-2(d) requires a reviewer to "state the opinions, reasons, and conclusions required in Standards Rule 3-1(d-g), given the reviewer's scope of work."

49. Ms. Beatty acknowledged that the Spur Cross property was unique and would have been a difficult appraisal.

50. Ms. Miller testified that the assignment for the Spur Cross property appraisal had come from Transunion, which also reviews all appraisals. She knows that Transunion reviewed the appraisal because it corrected the identity of the lender.<sup>15</sup>

51. Ms. Miller testified that the Spur Cross property was unique. It was a 3-story home with intricate details and design and looked "like a castle." The owner had developed a lake and planned to use the home to host weddings. The appliances had been designed to look like antiques and the kitchen had onyx countertops and intricate carvings. There were no similar properties to compare it to.

#### Hypothetical Condition

52. Ms. Miller's appraisal report stated that the lender had requested that the subject be appraised as if it were on a 5-acre site. Ms. Beatty testified that a hypothetical condition is something that the appraiser is told to assume but that she knows is not true. The lender's request was a hypothetical condition that was not disclosed or identified as such on the appraisal report.

53. On the report, the subject site was reported to be 346,861 square feet or 7.96 acres<sup>16</sup> in the site description and 5 acres in the Sales Comparison Approach.<sup>17</sup> Ms. Beatty testified that, if the appraiser uses a hypothetical condition, the reason for the hypothetical condition should be given in an addendum and the hypothetical condition should be used consistently throughout the report. Ms. Miller's failure to identify or use the hypothetical condition consistently throughout the report was misleading.

54. Ms. Miller testified that Transunion had requested that the Spur Cross property be appraised as if its site had 5 acres. She disclosed this in her appraisal report. She did not mean to be misleading. The lender did not know which 5 acres it wanted included. Lenders generally consider anything larger than a 5-acre site to be excess land.

55. Ms. Beatty testified that USPAP does not require that a legal description of the property be included in the report. But Ms. Miller's appraisal report did not identify which five acres of the nearly eight acre site were included in the appraisal. Ms. Miller's report did contain a partial legal description, which did not describe any portion of the site.

56. Ms. Miller testified that her secretary prepares everything before she goes out. She operates an office out of her vehicle. In this case, she did not complete the legal description through an oversight.

57. Ms. Beatty opined that Ms. Miller had violated USPAP SR 1-1(a) and (b)<sup>18</sup> and SR 2-2(x)<sup>19</sup> by failing to report that the five acre site was a hypothetical condition.<sup>20</sup> According to her

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<sup>15</sup>Ex. B.

<sup>16</sup>Ex. 5 at 373.

<sup>17</sup>Ex. 5 at 374.

<sup>18</sup>SR 1-1 requires:

In developing a real property appraisal, an appraiser must:

(a) be aware of, and understand, and correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal;

(b) not commit a substantial error of omission or commission that significantly affects and appraisal. . . .

investigative report, the omission "indicate[d] a lack of knowledge of recognized methods and techniques."<sup>21</sup>

58. Ms. Miller testified that, since Ms. Beatty made such a big deal about it, she would disclose a hypothetical condition in future reports.

Size of House

59. Ms. Miller's report also stated that the subject had "3,759 square feet of gross living area above grade" and noted a 520 square foot partial basement.<sup>22</sup>

60. Ms. Beatty's investigative report pointed out that the "URAR form requires a separation of the main floor livable and below grade furnished rooms."<sup>23</sup> She testified at the hearing that the separation is a federal requirement for financing under Fannie Mae.

61. Ms. Beatty testified that the county assessor's records showed that the subject had 3,260 square feet with an additional guest quarters. A prior MLS listing reported that the subject included a 3,250 square foot main house with a 725 square foot guest quarters.

62. Ms. Miller testified that the finished basement was similar in quality and condition to the rest of the house. The county assessor may include basements in total square footage. The forms are used in all parts of the country; a basement in Wisconsin is very different from a basement in Arizona.

63. Ms. Beatty testified that Ms. Miller's file included floor plans, which apparently had been provided by the property owner. Although the floor plans included the rooms' dimensions, they did not include a total for each level.

64. In the sales comparison approach, Ms. Miller had adjusted for livable area based on the 3,759 square foot area and made a separate line item adjustment to comparable no. 4 for lack of a guesthouse at \$50,000. Ms. Beatty testified that this calculation effectively doubled the subject's livable area.

65. Ms. Miller produced copies of the plans that showed each floor's total square footage, which had been inadvertently omitted in the copying of the file. With the basement, according to the plans, the subject's total square footage was 3,759. Ms. Miller had not included the guesthouse in the subject's total square footage.

66. Ms. Beatty testified that the county assessor usually did not include a finished basement in livable total square footage.

67. Ms. Beatty testified that the 3,759 square feet in the appraisal report appeared to include the guesthouse and, in any event, was not consistent with appraisal practice. Such inclusion was misleading and a violation of USPAP SR 1-1(c),<sup>24</sup> 1-4(a),<sup>25</sup> and 2-1(a).<sup>26</sup>

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<sup>19</sup>SR 2-2(x) requires:

Each written real property appraisal report must, at a minimum . . . clearly and conspicuously

- state all extraordinary assumptions and hypothetical conditions; and
- state that their use might have affected the assignment results.

<sup>20</sup>Ex. 9 at 350-51.

<sup>21</sup>Ex. 9 at 350.

<sup>22</sup>Ex. 5 at 373.

<sup>23</sup>Ex. 9 at 349.

<sup>24</sup>SR 1-1(c) requires that, in developing a real property appraisal, an appraiser must:

Effect of Flood Hazard Area

68. Ms. Miller's appraisal report had stated that the subject is located in a Flood Hazard area,<sup>27</sup> but did not discuss an impact on the property value.

69. Federal regulations prohibit building improvements in a flood hazard area. If a significant portion of the 5 or nearly 8 acres of the site were in a floodway, the site could not be divided or built on.

70. Ms. Miller testified that it is not unusual for large properties in Cave Creek to need flood insurance. It does not deter anyone from purchasing property.

71. The flood control determination from the Maricopa County Flood Control District from Ms. Miller's work file was dated September 4, 2007, several months after Ms. Miller's appraisal. The report stated that the property was partially within a floodway zone, which meant that flood insurance was required. Although no development was permitted in a floodway zone, the structure was "on property . . . outside 100 yr. flood zone."<sup>28</sup>

72. Ms. Miller's description of the site in the report was that "subject's lot is atypical and nonconforming to the neighborhood. Site improvements are typical for the area." Ms. Beatty testified that, if most improvements in the neighborhood occupied 5 to 8 acre lots, the flood hazard status of the site may not have affected its value. But Ms. Miller did not discuss what was atypical about the site or typical about the improvements. Ms. Miller violated USPAP SR 1-1(a) by failing to employ the correct technique to make a credible appraisal.

Inconsistencies Between and Deficiencies in Cost and Comparable Sales Approaches

73. Ms. Beatty testified that, under the cost approach, Ms. Miller had referred to the 2005 edition of Marshall and Swift. This reference could have a typo; the correct reference would have been the 2006 edition. The quality of construction was "good." Ms. Miller calculated value under the cost approach by multiplying the 3,759 square feet in the house by \$300.<sup>29</sup>

74. Ms. Beatty testified that the value for "good" quality construction in the 2006 edition of the Marshall and Swift estimator was \$100/square foot. The \$300/square foot price was in a totally different area. Ms. Miller's calculation inflated the value of the property, in violation of USPAP SR 1-4(b)(ii) and SR 1-4(b)(iii).<sup>30</sup>

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not render appraisal services in a careless or negligent manner, such as by making a series of errors that, although individually might not significantly affect the results of an appraisal, in the aggregate, affects the credibility of those results.

<sup>25</sup>SR 1-4(a) requires that, "in developing a real property appraisal, an appraiser must collect, verify, and analyze all information necessary for credible results. . . [W]hen a Sales Comparison Approach is necessary for credible assignment results, an appraiser must analyze such comparable data as are available to indicate a value conclusion."

<sup>26</sup>SR 2-1(a) requires each written or oral real property appraisal report to "clearly and accurately set forth the appraisal in a manner that will not be misleading.

<sup>27</sup>Ex. 4 at 420.

<sup>28</sup>Ex. 5 at 423.

<sup>29</sup>Ex. 4 at 423.

<sup>30</sup>SR 1-4(b) requires that, "[w]hen a Cost Approach is necessary for credible assignment results, an appraiser must"

75. Ms. Miller testified that her citation of an older edition of Marshall & Swift was a typographical error. In addition, the quality of improvements should have been "excellent" or "excellent+." The description "good" was a typographical error.

76. Ms. Miller admitted that her appraisal report described the condition of the improvement's foundation walls, exterior walls, roof surface, floors, walls, and trim as "Good."<sup>31</sup>

77. Ms. Beatty testified that, if the property cost \$300/square foot to build, the adjustments from larger comparable sales should be more than the \$45/square foot that Ms. Miller used in her comparable sales approach. The inconsistency was a violation of USPAP SR 1-4(a) and 1-1(a).

78. Ms. Beatty testified that depreciation under a cost approach should be strictly a mathematical calculation and, in this appraisal, should have been 10% of the cost to build. This was based on Ms. Miller's statements in the appraisal report that the effective age of the improvements was 5 years<sup>32</sup> and the remaining economic life was 45 years.<sup>33</sup> Instead, Ms. Miller had simply deducted \$5,000 for depreciation, which understated the amount and resulted in an overstated value. The calculation was a violation of USPAP SR 1-4(b).

79. Ms. Miller testified that the depreciation for the Spur Cross property could not be based on a mathematical formula because it was so unique. Instead, it should be based on the appraiser's experience and how she feels about the property. That was even truer for a "castle."

80. Finally, Ms. Miller's appraisal had estimated the exposure time for the subject's neighborhood to be 3-6 months.<sup>34</sup> Ms. Beatty testified that 3 of the 5 comps had been on the market between 8 and 18 months. Ms. Miller's estimate understated the exposure time. Nothing in Ms. Miller's work file had supported a 3-6 months exposure time. Ms. Beatty testified that the subject was a unique property; if anything, it would have required more time to sell.

81. Ms. Miller testified that the marketing time estimate was based on Comparable Sales #2 and #3. The property was so unique that, if a buyer were found who wanted it, he would buy it right away. A marketing time of 3-6 months was reasonable and not misleading.

82. On the appraisal report, the value of Comparable Sale #2 was adjusted upwards because it was located on only one-half acre. But Comparable Sale #2 was located in a gated community. Even though the parcel on which Comparable Sale #2 was located was smaller, the land was worth more. Because of the difficulty in finding comparable properties, Ms. Beatty testified that Ms. Miller should have researched land sales in the area.

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(ii) analyze such comparable cost data as are available to estimate the cost new of the improvements

(iii) analyze such comparable data as are available to estimate the difference between the cost new and the present worth of the improvements (accrued depreciation).

<sup>31</sup>Ex. 5 at 373.

<sup>32</sup>Ex. 4 at 420.

<sup>33</sup>Ex. 4 at 423.

<sup>34</sup>Ex. 4 at 420.



83. Ms. Beatty testified that the MLS listing for Comparable Sale #4 indicated that the sale price included an adjacent vacant lot.<sup>35</sup> Ms. Miller had not considered that Comparable Sale #4 involved the sale of two parcels and had adjusted the value downward for the smaller parcel size.<sup>36</sup> Ms. Beatty testified that, because Comparable Sale #4 involved the sale of 7¼ total acres and two lots, the adjustment to the comparable should have been adjusted downward rather than upward. The effect of Ms. Miller's omission was to overstate the comparable's adjusted value, in violation of USPAP SR 1-1.

Effect of Unpaved Access Road and Remote Location on Value of Land

84. Ms. Beatty testified that Ms. Miller's report did not account for the effect on value of the subject's inferior unpaved access road and its remote location in the Comparable Sales analysis.<sup>37</sup>

85. Ms. Miller testified that it is also not unusual for houses in remote areas to have dirt driveways. If you buy a house in the "boonies," you expect an unpaved driveway, just as you expect a septic tank.

86. Ms. Miller admitted that none of the comparable sales had dirt access roads and that she had not made any adjustments for this condition.

87. Ms. Beatty admitted that unpaved driveways in rural areas are not uncommon. But Ms. Miller's failure to discuss the impact of the unpaved access roads in the comparable sales approach was a violation of SR 1-1(b), 1-1(c), and 1-4(a).

**Factors in Mitigation and Aggravation of the Penalty**

88. Ms. Miller has been married to her husband for 22 years. She and her husband have three teenaged daughters. Although her husband works full-time, she earns two-thirds of the family income.

89. Most of Ms. Miller's appraisal work is for appraisal management companies. Her clients require that she produce a complete appraisal report within four or five days of the assignment. If a mentor were required to sign Ms. Miller's reports, she fears that she could not meet her clients' requirements for timeliness and would go out of business.

90. Ms. Miller testified that the appraisal management companies act as a buffer between the appraiser and the owner or lender. She can be completely independent and is subject to no undue pressure. She did not intend for either of the reports to be misleading and had no interest in the final estimated values.

91. Ms. Miller is the sole principal of D & H Appraisals, which she operated with her father before his death. She has a secretary. When she receives an assignment, the secretary does the initial preparation. Ms. Miller pulls comparable sales from the MLS and the county assessor before she inspects a property. Sometimes the appraisal review companies return a report if they find an error or want additional explanation.

92. On October 22, 2001, in Case No. 1123 the Board sent Ms. Miller a letter of due diligence, informing her that it had determined that she had violated USPAP SR2-2(b)(i) and (ii) by failing to identify the intended use and user in an appraisal report.<sup>38</sup> In lieu of further

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<sup>35</sup>Ex. 5 at 405. The realtor remarks on the MLS listing stated that "property includes Lot 29 \* House is on Lot 30 \*."

<sup>36</sup>Ex. 4 at 422.

<sup>37</sup>Ex. 4 at 421, 422.

<sup>38</sup>Ex. 7.

litigation, the Board accepted Ms. Miller's agreement "to exercise greater due diligence in appraising similar properties in the future," which did not require any admission of wrongdoing.

93. On October 2, 2002, in Case No. 1337 the Board sent Ms. Miller a letter of due diligence, informing her that it had determined that she had violated USPAP SR 2-2 by failing to properly identify the reporting option in an appraisal report.<sup>39</sup> In lieu of further litigation, the Board accepted Ms. Miller's agreement "to exercise greater due diligence in appraising similar properties in the future," which did not require any admission of wrongdoing.

94. The two letters of due diligence are Level II discipline, which under the Board's policy involve "[v]iolations . . . that may affect the credibility of the assignment" and "do not involve ethics or competency."<sup>40</sup>

Victor Hartsfield seconded the motion. The Board voted unanimously in favor of the motion. Debbie Rudd moved that the Board accept Conclusions of Law 1-15 of the Administrative Law Judge with modifications requested by the State to correct typographical errors and to correct the record, to read as follows:

#### **CONCLUSIONS OF LAW**

1. These matters lie within the Board's jurisdiction.<sup>41</sup>
2. The Board bears the burden of proof and must establish that Ms. Miller violated applicable standards, as adopted by statute and regulation, by a preponderance of the evidence.<sup>42</sup>
3. "A preponderance of the evidence is such proof as convinces the trier of fact that the contention is more probably true than not."<sup>43</sup> A preponderance of the evidence is [t]he greater weight of evidence, not necessarily established by the greater number of witnesses testifying to a fact but by evidence that has the most convincing force; superior evidentiary weight that, though not sufficient to free the mind wholly from all reasonable doubt, is still sufficient to incline a fair and impartial mind to one side of the issue rather than the other.<sup>44</sup>
4. The Arizona legislature created the Board to prescribe and enforce standards of professional appraisal practice.<sup>45</sup> The Arizona legislature charged the Board with investigating complaints against licensed appraisers and, if violations of applicable statute, regulation, or Standards are established, disciplining appraisers' certification.<sup>46</sup>
5. A.A.C. R4-46-301(A)(1) requires the Board to investigate complaints, including anonymous complaints, if the complaint includes the following information:
  - a. The name of the respondent against whom the allegations are being made;
  - b. The action that is the basis of the complaint;

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<sup>39</sup>Ex. 7.

<sup>40</sup>Ex. 11. The Board makes this modification to be consistent with the evidence presented at the hearing.

<sup>41</sup>See A.R.S. § 32-3605.

<sup>42</sup>See A.R.S. § 41-1092.07(G)(2); A.A.C. R2-19-119; *see also Vazanno v. Superior Court*, 74 Ariz. 369, 372, 249 P.2d 837 (1952).

<sup>43</sup>Morris K. Udall, *Arizona Law of Evidence* § 5 (1960).

<sup>44</sup>*Black's Law Dictionary* at page 1220 (8th ed. 1999).

<sup>45</sup>A.R.S. § 32-3605(A)(1).

<sup>46</sup>A.R.S. § 32-3631(A)(2) and (6); *see also* A.A.C. R4-46-301 and R4-46-302 (concerning formal hearing procedures, investigations, and penalties).

- c. The time frame in which the action occurred;
- d. Each violation alleged to have been committed by the respondent; and
- e. A copy of the report, if the complaint includes allegations concerning an appraisal, consulting assignment, or property tax appeal.

Complaints from the public do not need to contain the same detail as the Board's contract consultant's complete investigative report or the specific statutes and USPAP provisions that were violated.

6. The complaints from the public in these matters named Ms. Miller, identified the suspect appraisals and the time frame in which they had been prepared, and conveyed specific suspected misconduct. The Administrative Law Judge recommends that the Board deny Ms. Miller's motion to dismiss and determine the merits of the case.

7. The Board has established that Ms. Miller's appraisal review of the Lincoln property failed to explain why the sale price was \$600,000 higher than the price at which it had been listed for nine months, failed to verify the condition of the improvements relative to the comparable sales, failed to discuss the impact on value of the subject's location on an arterial street, and failed to adequately explain or support the calculations of value in the comparable sales and the cost approaches.

8. The Board has therefore established that, in reviewing the appraisal of the Lincoln property, Ms. Miller violated USPAP SR 3-1(c), 3-1(f), 3-2(d) and Standards Ethics Rule—Conduct.

9. The Board has also established that, in her appraisal of the Spur Cross property, Ms. Miller failed to state as a hypothetical condition that the size of the site was five rather than nearly 8 acres, incorrectly stated the size of the house by including the basement, failed to consider the effect on value of at least a portion of the subject's site's location within a flood hazard area, failed to adequately explain or support the calculations of value in the comparable sales and the cost approaches, and failed to consider the effect of the unpaved access road in the sales comparison approach.

10. The Board has therefore established that, in preparing the appraisal report for the Spur Cross property, Ms. Miller violated USPAP SR 1-1(a), 1-1(b), 1-1(c), 1-4(a), 1-4(b)(ii), 1-4(b)(iii), 2-1(a), and 2-2(x) and Standards Ethics Rule—Conduct.

11. Licensed appraisers' appraisals in Arizona must comply with USPAP.<sup>47</sup>

12. A.R.S. § 32-3635(A) and (B) requires state certified appraisers to comply with the standards of appraisal practice that have been adopted by the Board and appraisal standards and rules adopted by the Board. A.R.S. § 32-3631(6) authorizes the Board to impose discipline against the certificate holder who has violated any of the standards that the Board has adopted.

13. With respect to the penalty, there is no evidence that Ms. Miller intentionally defrauded or misled anyone in preparing the review appraisal and appraisal at issue. Her prior discipline is for relatively minor errors that were not repeated in either of the appraisals at issue.

14. But the review appraisal and the appraisal were riddled with errors. Ms. Miller's explanations at the hearing that the size of the site is not a consideration for purchasers of high-end or rural properties and that the purchasers of high end properties do not care about their property's location on an arterial street was not included in the reports at issue. Such explanations are not credible and appear to be post hoc justifications. Ms. Miller's hearing testimony that a review appraiser must accept the factual assertions of the original appraiser, that the rate of depreciation is simply a number that an appraiser plucks out of the air, based on her feelings, that the market was "hopping" at

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<sup>47</sup>A.A.C. R4-46-401.

the time she prepared both appraisals, and that a basement can be counted in total livable space, also was not credible.

15. There is no evidence in the record that Ms. Miller's clients' requirement of a short turn-around time cannot be met under a mentor. Even if there were, the Board was created to implement reforms that followed the turmoil in the financial and real estate markets due to the savings and loan crisis of the late 1980's,<sup>48</sup> which was similar to the turmoil being experienced today. The Board would not serve this purpose if it did not take steps to make sure that Ms. Miller did not repeat the significant errors and omissions that the Board established that she committed at the hearing.

Michael Marquess seconded the motion. The Board voted unanimously in favor of the motion. Debbie Rudd moved that the Board modify the Order of the Administrative Law Judge to include its standard language regarding revocation decisions, to read as follows:

#### **ORDER OF PROBATION**

In issuing this order of discipline, the Board considers its obligations to fairly and consistently administer discipline, its burden to protect the public welfare and safety, as well as all aggravating and mitigating factors presented in the case. Based on the foregoing Findings of Fact and Conclusions of Law, **IT IS HEREBY ORDERED:**

1. **Upon the effective date of this Order, Respondent's Certificate as a Certified Residential Appraiser shall be placed on probation for a period of six (6) months.** During probation, Respondent shall comply with USPAP, Arizona Revised Statutes and Appraisal Board rules.

2. Respondent shall successfully complete the following education prior to the termination of probation: **seven (7) hours in Cost Approach, seven (7) hours in Review Appraisals, six (6) hours in Mortgage Fraud, and fifteen (15) hours of Qualifying Education (with exam).** The education required above may not be counted toward the continuing education requirements for the renewal of Respondent's certificate. Proof of completion of the required education must be submitted to the Board within 3 weeks of completion of the required courses.

3. During the term of probation, Respondent shall: (a) demonstrate resolution of the problems that resulted in this disciplinary action; and (b) otherwise comply with the terms of this Order.

4. During the period of probation, Respondent shall complete a minimum of **twelve (12) appraisal reports or review appraisals** under the supervision of an Arizona Certified Residential or Certified General Appraiser who shall serve as Respondent's Mentor ("Mentor"). The Mentor shall be either an Arizona Certified Residential or Certified General Appraiser.

5. **During the probationary period, the Respondent shall not issue a verbal or written appraisal, appraisal review, or consulting assignment without prior review and approval by a Mentor.** Each report shall be signed by the Mentor as a supervisory appraiser. In the event that Respondent's client will not accept the signature of the Mentor affixed to an assignment as a supervisory appraiser, the Mentor need not co-sign the report, but must complete a written review of each report ensuring that the report complies with USPAP and the Board's statutes and rules. The Mentor's review shall comply with the requirements of Standard 3 of the USPAP. The Mentor's Standard 3 review shall be completed before the report is issued to the client. Any changes the Mentor requires to ensure the report complies with the USPAP shall be completed by the Respondent and

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<sup>48</sup> See Laws 1990, Ch. 313 §§ 1 and 6.

approved by the Mentor before the report is issued. The Mentor's written Standard 3 review shall be maintained by the Mentor and made available to the Board upon request. In order to invoke these provisions, the Respondent must submit proof to the Board with her monthly log showing that her client's policies prevent co-signature by the Mentor.

After six-months, the requirement of pre-approval of appraisals by a Mentor may be terminated upon approval by the Board if Respondent has complied with the conditions set out in this Order.

6. The Mentor must be approved by the Board and is subject to removal by the Board for nonperformance of the terms of this Order. The Mentor may not have a business relationship with Respondent except for the Mentor/Mentee relationship nor may the Mentor be related to Respondent. Any replacement Mentor is subject to the Board's approval and the remaining terms of this Order. The Board's Executive Director may give temporary approval of the Mentor until the next regular meeting of the Board.

7. Not more than **30 days** after the effective date of this Order, Respondent shall submit to the Board the name and resume of an Arizona Certified Residential or Arizona Certified General Appraiser who is willing to serve as Respondent's Mentor together with a letter from the potential Mentor agreeing to serve as Respondent's Mentor. If requested by Board staff, Respondent shall continue to submit names, resumes, and letters agreeing to serve as Mentor until a Mentor is approved by the Board. Any Mentor must be approved in writing by the Board.

8. Respondent shall bear all costs and expenses associated with the mentorship and incurred in attended the required courses.

9. The Mentor shall submit monthly reports to the Board for each calendar month during Respondent's probationary period reflecting the quantity and quality of Respondent's work, including, but not limited to, improvement in Respondent's practice and resolution of those problems that prompted this action. The Mentor's report shall be filed monthly beginning the 15<sup>th</sup> day of the first month following the start of Respondent's probationary period and continuing each month thereafter until termination of the probationary period by the Board. **Even if the Mentor reviews no appraisals during a given month, a report stating that no appraisals were reviewed or approved must be submitted. It is the Respondent's responsibility to ensure that the Mentor submits his/her reports monthly.** If the monthly reporting date falls on a Saturday, Sunday, or holiday, the report is due on the next business day. The monthly report may be filed by mail or facsimile.

10. The Respondent shall file an appraisal log with the Board on a monthly basis listing every Arizona appraisal that she has completed within the prior calendar month by property address, appraisal type, valuation date, the Mentor's review date, the date the appraisal was issued, and the number of hours worked on each assignment. The report log shall be filed monthly beginning the 15<sup>th</sup> day of the first month following the start of Respondent's probationary period and continuing each month thereafter until the Board terminates the probation. If the log reporting date falls on a Saturday, Sunday, or holiday, the report log is due on the next business day. **Even if Respondent performs no appraisals within a given month, she must still file an appraisal log with the Board showing that no appraisals were performed.** The monthly log report may be filed by mail or facsimile.

11. The Board reserves the right to audit any of Respondent's reports and conduct peer review, as deemed necessary, during the probationary period. The Board may, in its discretion, seek separate disciplinary action against the Respondent for any violation of the applicable statutes and rules discovered in an audit of the Respondent's appraisal reports provided to the Board under the terms of this Consent Agreement.

12. Respondent's probation, including mentorship, shall continue until: (a) Respondent petitions the Board for termination as provided in paragraph 13, and (b) the Board terminates the probation and mentorship. Upon petition by the Respondent for termination of the probation and mentorship, the Board will select and audit 3 of Respondent's appraisal reports.

13. At the end of **six (6) months** from the effective date of this Order, the Respondent must petition the Board for termination of her mentorship and probation. If the Board determines that Respondent has not complied with **all** the requirements of this Order, the Board, at its sole discretion, may institute proceedings for noncompliance with this Order, which may result in suspension, revocation, or other disciplinary and/or remedial action.

14. Respondent shall not act as a supervising appraiser for other appraisers or trainees, nor shall she act as a mentor during the term of the probation. Respondent shall also not teach any course related to real estate appraisals during the term of the probation.

15. Respondent shall comply with the Uniform Standards of Professional Appraisal Practice in performing all appraisals and all Board statutes and rules.

16. If, between the effective date of this Order and the termination of Respondent's probation by the Board, Respondent fails to renew her license while under this Order and subsequently applies for a license or certificate, the remaining terms of this Order, including probation and mentorship, shall be imposed if the application for license or certificate is granted.

17. Respondent understands that this Order, or any part thereof, may be considered in any future disciplinary action against her.

18. If Respondent fails to comply with the terms of this Order, the Board shall properly institute proceedings for noncompliance with this Order, which may result in suspension, revocation, or other disciplinary and/or remedial actions. Respondent understands that any violation of this Order is a violation of A.R.S. § 32-3631(A)(8), which is willfully disregarding or violating any of the provisions of the Board's statutes or the rules of the Board for the administration and enforcement of its statutes.

19. Respondent understands that this Order does not constitute a dismissal or resolution of other matters currently pending before the Board, if any, and does not constitute any waiver, express or implied, of the Board's statutory authority or jurisdiction regard any other pending or future investigation, action or proceeding

20. Respondent understands that this Order is a public record that may be publicly disseminated as a formal action of the Board.

21. Pursuant to the Board's Substantive Policy Statement #1, the Board considers the violations in the above-mentioned matter to constitute to a **Level III Violation**.

#### **RIGHT TO PETITION FOR REHEARING OR REVIEW**

Respondent is hereby notified that she has the right to petition for a rehearing or review. Pursuant to A.R.S. § 41-1092.09, as amended, the petition for rehearing or review must be filed with the Board's Executive Director within 30 days after service of this Order and pursuant to A.A.C. R4-46-303, it must set forth legally sufficient reasons for granting a rehearing or review. Service of this order is effective five days after mailing. If a motion for rehearing or review is not filed, the Board's Order becomes effective 35 days after it is mailed to Respondent.

Respondent is further notified that the filing of a motion for rehearing or review is required to preserve any rights of appeal to the Superior Court.

Michael Marquess seconded the motion. The Board voted unanimously in favor of the motion. The Board noted that 2452 was under 12-month file review.

Christopher Munns left the meeting.

Informal Hearing Concerning 2591, Martin A. Riley.

Respondent appeared, was sworn in, made statements to the Board and answered the Board's questions. Debbie Rudd moved that the Board find Level II violations and offer Respondent a due diligence consent letter citing violations and providing for disciplinary education. Gabe Corral seconded the motion. The Board voted unanimously in favor of the motion.

Informal Hearing Concerning 2594/2683, Christine J. Kelsey-Gray.

Respondent did not appear. Debbie Rudd moved that, concerning 2683, the Board find Level III violations and offer Respondent a Consent Agreement and Order citing violations and providing for probation, mentorship and education. Gabe Corral seconded the motion. The Board voted unanimously in favor of the motion. Debbie Rudd moved that, concerning 2594, the Board find Level II violations and issue Respondent a nondisciplinary letter of remedial action citing violations and providing for remedial education. Myra Jefferson seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action Concerning 2754, Jack L. Newman.

Respondent appeared. Staff summary was read. Debbie Rudd moved that the Board find no violations and dismiss the complaint. Cynthia Henry seconded the motion. The Board voted unanimously in favor of the motion.

**APPRAISAL TESTING AND EDUCATION COMMITTEE REPORT**

Debbie Rudd moved that the Board accept the Committee's recommendations (see attached). Michael Marquess seconded the motion. The Board voted unanimously in favor of the motion.

**COMPLAINT REVIEW**

Review and Action Concerning 2481, Daniel W. Mahoney.

Respondent did not appear. Debbie Rudd moved that the Board accept the amended investigative report. Myra Jefferson seconded the motion. The motion was withdrawn. Michael Marquess moved that the Board return the investigative report for additional information. Gabe Corral seconded the motion. The Board voted unanimously in favor of the motion. The Board noted that the file was under 12-month file review.

Review and Action Concerning 2488, Richard A. Webb.

Respondent did not appear. Jeanne Galvin updated the Board concerning Respondent's court proceedings and the Board noted that this is now under 12-month file review.

Review and Action Concerning 2540, Barbara S. Quaid.

Respondent did not appear. Debbie Rudd moved that the Board accept the investigative report. Michael Marquess seconded the motion. The Board voted unanimously in favor of the motion. Debbie Rudd moved that the Board find Level II violations and offer Respondent a due diligence consent agreement citing violations and providing for education. Michael Marquess seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action Concerning 2585, Scott J. Reischl.

Respondent appeared. Debbie Rudd moved that the Board accept the revised investigative report. Victor Hartsfield seconded the motion. The Board voted unanimously in favor of the motion. Debbie Rudd moved that the Board invite Respondent to an informal hearing. Gabe Corral seconded the motion. The Board voted unanimously in favor of the motion.

**PUBLIC ANNOUNCEMENTS AND CALL TO PUBLIC**

Julie Friess, Certified Residential Appraiser #20957, filed a Call to Public and spoke to the Board concerning voluntary surrenders and appraisers going to other states to appraise.

**COMPLAINT REVIEW**

Review and Action Concerning 2693/2694/2695/2696/2697/2698/2699/2700/2701/2702/2703/2704/2705/2606/2707, Douglas B. Clithero.

Respondent did not appear. Staff summaries were read. Debbie Rudd moved that 2694/2695/2698/2700/2703 be referred to investigation and the balance of the complaints be tabled until receipt of the investigative reports. Gabe Corral seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action Concerning 2728, Michael E. McCune.

Respondent did not appear. Staff summary was read. Debbie Rudd moved that the matter be referred to investigation. Cynthia Henry seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action Concerning 2731, Dale E. Johnson.

Respondent did not appear. Staff summary was read. Debbie Rudd moved that the Board find no violations and dismiss the complaint. Michael Marquess seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action Concerning 2735, Calista J. Fiedler.

Respondent did not appear. Staff summary was read. Debbie Rudd moved that the matter be referred to investigation. Michael Marquess seconded the motion. The Board voted unanimously in favor of the motion.

Gabe Corral left the meeting. A quorum remained.



Review and Action Concerning 2737, Michael E. Lebsack.

Respondent did not appear. Staff summary was read. Debbie Rudd moved that the Board find Level II violations and offer Respondent a nondisciplinary letter of remedial action citing violations and providing for remedial education. Myra Jefferson seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action Concerning 2738, Julie A. Burdick.

Respondent did not appear. Staff summary was read. Debbie Rudd moved that the Board find no violations and dismiss the complaint. Cynthia Henry seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action Concerning 2744, William G. Scott.

Respondent did not appear. Michael Marquess and Debbie Rudd recused themselves. No action was taken for the lack of a quorum.

Review and Action Concerning 2321, Thomas J. Dozier.

Respondent did not appear. Upon its 12-month file review, the Board instructed staff to proceed with the formal hearing before the Office of Administrative Hearings (OAH).

Review and Action Concerning 2453, Jaime Topete.

Respondent did not appear. Upon its 12-month file review, the Board instructed staff to proceed with the formal hearing before the Office of Administrative Hearings (OAH).

Review and Action Concerning 2462/2463/2464/2465/2466/2467/2468/2469, Shawkat E. Halabu.

Respondent did not appear. Upon its 12-month file review, the Board noted that the Administrative Law Judge's Recommended Decision would appear on the December agenda.

Review and Action Concerning 2487, Nathan G. Morris.

Respondent did not appear. Upon its 12-month file review, the Board instructed staff to proceed with the formal hearing before the Office of Administrative Hearings (OAH).

**BOARD CHAIRMAN REPORT**

Les Abrams reported on the November 4<sup>th</sup> Arizona Mortgage Fraud Task Force meeting.

**EXECUTIVE DIRECTOR REPORT**

Debb Pearson reported on the status of the Assistant Attorney General's assignments; advised the complaint answer dates that had been extended by staff; reported the following complaint statistics as of 10/31/08 for calendar years 2006, 2007, and 2008:

|  | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2007</u> | <u>2008</u> |
|--|-------------|-------------|-------------|-------------|-------------|
| Complaints received by Board                                       | 209         | 243         | 208         |             |             |
| Complaints heard by Board  |             |             |             | 619         | 724         |
| <b><u>OF THOSE COMPLAINTS:</u></b>                                 |             |             |             |             |             |
| Complaints dismissed   | 73          | 91          | 56          | 98          | 68          |
| Complaints referred to investigation                               | 84          | 94          | 51          | 116         | 66          |
| Complaints resolved with nondisciplinary letter of concern         | 30          | 16          | 14          | 20          | 16          |
| Complaints resolved with nondisciplinary letter of remedial action | 11          | 19          | 15          | 18          | 22          |
| Complaints resolved with disciplinary letter of due diligence      | 6           | 12          | 6           | 9           | 12          |
| Complaints resolved with probation                                 | 53          | 48          | 5           | 44          | 50          |
| Complaints referred to informal hearing                            | 67          | 78          | 12          | 79          | 51          |
| Complaints referred to formal hearing                              | 40          | 43          | 7           | 32          | 47          |
| Complaints resolved with suspension                                | 28          | 9           | 1           | 4           | 31          |
| Complaints resolved with surrender                                 | 2           | 3           | 1           | 2           | 3           |
| Complaints resolved with revocation                                | 2           | 4           | 0           | 4           | 2           |
| Complaints resolved with cease and desist letters                  | 24          | 6           | 0           | 4           | 4           |
| <b><u>Violation Levels:</u></b>                                    |             |             |             |             |             |
| I  | 35          | 21          | 16          | 25          | 19          |
| II   | 11          | 30          | 21          | 23          | 34          |
| III  | 22          | 47          | 5           | 41          | 35          |
| IV   | 4           | 8           | 1           | 6           | 5           |
| V  | 33          | 8           | 0           | 5           | 27          |
| <b><u>Additional Information:</u></b>                              |             |             |             |             |             |
|  | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |             |
| Jurisdiction Expired & Complaints Closed                           | 21          | 20          | 12          | 11          |             |
| Denials of New Applications  | 5           | 7           | 7           | 5           |             |
| Denials of Renewal Applications                                    | 2           | 4           | 1           | 0           |             |

## APPLICATION REVIEW COMMITTEE REPORT

Debbie Rudd reported the following Arizona appraiser and property tax agent information as of November 19, 2008:

|                       | <u>11/06</u>      | <u>11/07</u>      | <u>11/08</u>      |
|-----------------------|-------------------|-------------------|-------------------|
| Licensed Residential  | 1062              | 1124              | 939               |
| Certified Residential | 938               | 1071              | 1186              |
| Certified General     | 762               | 799               | 813               |
| Nonresident Temporary | 58                | 25                | 40                |
| Property Tax Agents   | 301               | 265               | 293               |
|                       | <i>Total 2815</i> | <i>Total 3019</i> | <i>Total 2983</i> |

Myra Jefferson moved that the Board approve the revisions to the renewal application requirements. Michael Marquess seconded the motion. The Board voted unanimously in favor of the motion. Debbie Rudd moved that the Board open a complaint against Nathan G. Morris alleging violation of the Board's supervising appraiser/trainee rules. Michael Marquess seconded the motion. The Board voted unanimously in favor of the motion. Michael Marquess moved that the

Board accept the Committee's recommendations (see attached). Myra Jefferson seconded the motion. The Board voted unanimously in favor of the motion.

## **OLD BUSINESS**

### Discussion and Action Concerning Revision to the Supervising Appraiser/Trainee FAQs.

Michael Marquess moved that the Board adopt the revised Supervising Appraiser/Trainee FAQs, as modified. Victor Hartsfield seconded the motion. The Board voted unanimously in favor of the motion.

## **NEW BUSINESS**

### Discussion and Action Concerning Approval of Reciprocal Agreement with the North Dakota Real Estate Appraiser Qualifications and Ethics Board.

Debbie Rudd moved that the Board approve the reciprocal agreement. Victor Hartsfield seconded the motion. The Board voted unanimously in favor of the motion.

### Discussion and Action Concerning Appraisal Management Company Model Legislation Developed by the Appraisal Institute (AI) in Cooperation with the American Society of Appraisers (ASA), the American Society of Farm Managers and Rural Appraisers (ASFMRA) and the National Association of Independent Fee Appraisers (NAIFA).

Debbie Rudd moved that Board staff send a letter supporting the legislation. Michael Marquess seconded the motion. The Board voted unanimously in favor of the motion.

### Discussion and Action Concerning Correspondence from Deborah Nicoletti Regarding Fees to be Charged by Appraisal Network Systems.

Staff was instructed to write a letter concerning the Appraiser Management Company Model Legislation, enclose a copy of the model legislation, and advise that the Board does not have jurisdiction over Appraiser Management Companies.

### Discussion and Action Concerning Solicitation from Momentum Appraisal Management Group for "Price Check—Market Analysis Request.

Debbie Rudd moved that staff correspond with Momentum Appraisal Management Group concerning the "price check" solicitation. Cynthia Henry seconded the motion. The Board voted unanimously in favor of the motion.

### Discussion and Action Concerning Comments at the 9/26/08 Flagstaff Board Outreach Meeting.

The Board took no action.

## **CONFIRMATION OF MEETING DATES, TIMES, LOCATIONS AND PURPOSES**

The upcoming Committee and Board meetings were confirmed as follows:

**December**

|    |   |           |
|----|---|-----------|
| 5  | Tucson Board Outreach                     | 9:00 a.m. |
| 10 | Application Review Committee              | 2:00 p.m. |
| 11 | Appraisal Testing and Education Committee | 7:30 a.m. |
| 11 | Board                                     | 9:00 a.m. |

**ADJOURNMENT**

The meeting was adjourned.

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Lester G. Abrams, Chairperson

**RECOMMENDATIONS  
COMMITTEE ON APPLICATION REVIEW**

**To: Board of Appraisal**

**From: Application Review Committee**

**Date: November 20, 2008**

**Re: November 19, 2008 Recommendations**

**I. Report on number of Arizona Appraisers and Property Tax Agents:**

|                       | <u>11/06</u> |            | <u>11/07</u> |            | <u>11/08</u> |
|-----------------------|--------------|------------|--------------|------------|--------------|
| Licensed Residential  | 1062         |            | 1124         |            | 853          |
| Certified Residential | 938          |            | 1071         |            | 1265         |
| Certified General     | 762          |            | 799          |            | 825          |
| Nonresident Temporary | 58           | Total 2815 | 25           | Total 3019 | 40           |
| Property Tax Agents   | 301          |            | 265          |            | 293          |

**II. As a result of its **November 19, 2008** meeting the Application Review Committee makes the following recommendations:**

**A. To recommend approval of revisions to the renewal application.**

**B. To open complaint alleging violations of 2-2(b)(vii) and 2-3 against:**

22034 Nathan G. Morris

**C. To approve the following applications as substantively complete:**

**1. Renewal applications:**

11185 Mark A. Hagedon

**2. Licensed Residential by exam unless noted otherwise:**

7368 Kenneth A. Tamargo

7541 Dustin D. Key

**3. Certified Residential by exam unless otherwise noted:**

7510 Lynn A. Betz

7569 Carl E. Gunderson

7588 Keith J. Holmes (by reciprocity)

**4. Certified General by exam unless otherwise noted:**

7575 Sara A. Sinay  
7584 Steven J. Goldberg (by reciprocity)

**D. To approve the following applications as substantively complete and confirm the issuance of the following license/certification:**

**1. Reciprocity**

31685 Jeffrey M. Key  
31686 Patrick C. Jackson  
31688 Geraldine K. Easley  
31690 Roland D. Robison  
31691 Michael F. Frauenthal  
31692 Michael B. Baldwin  
31693 Clay M. Dodd  
31964 Mark M. Lawwill

**2. Nonresident Temporary**

TP41113 Michael F. Frauenthal  
TP41114 Kay C. Kauchick  
TP41115 Jon D. Cruse

**3. Licensed Residential**

12013 Monica L. Henretta

**4. Certified Residential**

22012 Lori A. Lingle  
22023 Amber C. De'Toles  
22032 Laura A. Koury  
22033 Shannon L. Conrad  
22035 Christopher J. Trigueros  
22040 John A. Bellerose

- E. To disapprove the following applications as substantively incomplete and hold until substantively complete:

7587 Keith T. Kavula (by reciprocity)  
7591 Ilona Allard (by reciprocity)  
7593 Roger D. DuVardo (by reciprocity)  
7595 Steven J. Johnson (by reciprocity)

III. Applications Pending - Substantively Incomplete

7428 Carl Parker III (by reciprocity)

Notification of applicants with substantively incomplete applications who have not responded to the Committee's request for additional information. Pursuant to R4-46-202(D) applicants have up to a year to meet all requirements for license/certificate or applicant's file is to be closed by the Board and applicant shall reapply.

## RECOMMENDATIONS

### ***COMMITTEE ON APPRAISAL TESTING AND EDUCATION***

**TO: Board of Appraisal**

**FROM: Committee on Appraisal Testing and Education**

**DATE: November 20, 2008**

**RE: November 20, 2008 Recommendations**

**As a result of its November 20, 2008 meeting the Committee on Appraisal Testing and Education makes the following recommendations:**

- I. Action regarding random audit of approved courses  
Tabled
- II. Action regarding proposed approval of **qualifying education courses:**
  - A. **Previously approved by the Board:**
    - 1. Submitted by Appraisal Institute
      - a. **510 Advanced Income Capitalization**, #ABA 1101-078-10 40 hours  
\*Vincent Dowling  
Recommend approval
      - b. **530 Advanced Sales Comparison & Cost Approach**, #ABA 1101-080-10  
40 hours  
\*Joseph Magdziarz  
Recommend approval
      - c. **550 Advanced Applications**, #ABA 1101-081-10 40 hours  
\*Joseph Magdziarz  
Recommend approval
      - d. **330 Apartment Appraisal: Concepts and Applications**, #ABA 0402-208-10  
16 hours  
\*Vincent Dowling  
Recommend approval
      - e. **General Appraiser Income Approach-Part 1**, #ABA 1206-594-14 30 hours  
\*Joseph Magdziarz  
Recommend approval
      - f. **General Appraiser Income Approach-Part 2**, #ABA 1206-595-14 30 hours  
\*Joseph Magdziarz  
Recommend approval



2. Submitted by Arizona School of Real Estate & Business
  - a. **AP-03 2008-2009 National USPAP**, #ABA 0502-214-03 15 hours  
\*Roy Morris III, Daniel Smith  
Recommend approval
3. Submitted by Mesa Community College
  - a. **REA 270: Basic Appraisal Principles**, #ABA 1107-703-01 30 hours  
\*John Beshk, John Egan  
Recommend approval
  - b. **REA 271: Basic Appraisal Procedures**, #ABA 1107-704-02 30 hours  
\*John Beshk, John Egan  
Recommend approval
  - c. **REA 273: Residential Market Analysis Highest & Best Use**, #ABA 1107-705-04  
15 hours  
\*John Beshk, John Egan  
Recommend approval
  - d. **REA 274: Residential Appraiser Site Valuation & Cost Approach**,  
#ABA 1107-706-05 15 hours  
\*John Beshk, John Egan  
Recommend approval
  - e. **REA 275: Residential Sales Comparison & Income Approaches**,  
#ABA 1107-707-06 30 hours  
\*John Beshk, John Egan  
Recommend approval
  - f. **REA 276: Residential Report Writing & Case Studies**, #ABA 1107-708-07  
15 hours  
\*John Beshk, John Egan
  - g. **REA 277: Statistics, Modeling, & Finance**, #ABA 1107-709-08 15 hours  
\*John Beshk, John Egan  
Recommend approval
  - h. **REA 278: Advanced Residential Application & Case Studies**, #ABA 1107-710-09  
15 hours  
\*John Beshk, John Egan  
Recommend approval

**B. Not previously approved by the Board:**

1. Submitted by Appraisal Institute
  - a. **Online General Appraiser Site Valuation & Cost Approach**, 30 hours  
Distance Education  
\*Arlen Mills  
Recommend approval

III. Action regarding proposed approval of **continuing education courses**:

**A. Previously approved by the Board:**

1. Submitted by Appraisal Institute
  - a. **540 Report Writing & Valuation Analysis**, #ABA 0402-184 40 hours  
\*Alan Blankenship  
Recommend approval
  - b. **Subdivision Valuation: A Comprehensive Guide to Valuing Improved Subdivisions**, #ABA 1204-385 7 hours  
\*Vincent Dowling  
Recommend approval
  - c. **Office Building Valuation: A Contemporary Perspective**, #ABA 1206-597 7 hours  
\*Barrett Slade  
Recommend approval
  - d. **An Introduction to Valuing Green Buildings**, #ABA 1207-714 7 hours  
\*Theddi Chappell  
Recommend approval
  - e. **Online GIS-The Building Case Study**, #ABA D1207-715 Distance Education 21 hours  
\*Christopher Miner  
Recommend approval
2. Submitted by Arizona School of Real Estate & Business
  - a. **C5908 2008-2009 National USPAP Update**, #ABA 0103-262 7 hours  
\*Roy Morris III, Daniel Smith  
Recommend approval
  - b. **R.E. Foreclosures-Legal & Practical Concerns**, #ABA 1207-717 3 hours  
\*Earl Berg, Michael Denious, Diane Drain, Bill Gray, Faye Humphrey, Robert Kaczmarek, Dan Kloberdanz, William Kozub, Charles Leftwich, Jim Miller, Don Miner, Sherry Olson, Becky Ryan, Rick Turkian, Fletcher Wilcox  
Recommend approval

**B. Not previously approved by the Board:**

1. Submitted by Appraisal Institute
  - a. **Appraising Distressed Commercial Real Estate**, 7 hours  
\*William Ted Anglyn  
Recommend approval